

No. 21,194 ✓

United States Court of Appeals
For the Ninth Circuit

CARL S. ZILK and FLOMATIC SALES CORPORATION, an Oregon corporation,

Appellants,

vs.

DEATON FOUNTAIN SERVICE, a partnership
comprised of William F. Deaton and
C. J. DeCeasare,

Appellee.

APPELLANTS' OPENING BRIEF

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Appellee.

APPELLANTS' OPENING BRIEF

This is an appeal from an order of the District Court granting the motion of defendant Deaton (appellee) for judgment notwithstanding the jury verdict returned in favor of plaintiffs (appellants).

JURISDICTION

Jurisdiction of the District Court is based upon U.S. Code, Title 28, Section 1338(a). The complaint alleges a claim for patent infringement arising under the Acts of Congress relating to patents (CT. 1). The answer admits the jurisdictional facts (CT. 31, 118).

Jurisdiction of this Court is based on U.S. Code, Title 28, Section 1291. The order of the District Court granting Deaton's motion for judgment notwithstanding the verdict is a final decision on the claim for relief which is pleaded in the complaint. That order entered judgment for Deaton on May 12, 1966 (CT. 266). Appellants filed their notice of appeal on June 3, 1966 (CT. 270), within the thirty day period provided by U.S. Code, Title 28, Section 2107.

STATEMENT OF THE CASE

Zilk patent No. 2,887,250 for a bar mix dispenser (PX 1) was granted to plaintiff Carl S. Zilk on May 19, 1959 and ever since has been exclusively licensed to plaintiff Flomatic Sales Corporation (PX 2). In the District Court plaintiffs charged defendant Deaton Fountain Service and the United California Bank with infringement of the Zilk patent (CT. 1-3). Plaintiffs sought damages on account of the alleged infringement and demanded a trial by jury (CT. 3).

The action was dismissed as to United California Bank on March 4, 1963 and no appeal was or is now taken from that dismissal (CT. 274). In its answer Deaton denied infringement and alleged invalidity of the patent on several grounds (CT. 31-37, 118-124). A counterclaim in which Deaton sought damages from plaintiffs (CT. 38-9, 124-5) was dismissed by stipulation during trial on February 8, 1966 (CT. 185h).

Evidence was received on all issues during a four day jury trial (RT. 1-340). Following presentation of plaintiffs' prima facie case to the jury, defendant Deaton

moved the District Court to direct a jury verdict in its favor on the ground that patent 2,887,250 was invalid (RT. 167-189). The District Court denied the motion for directed verdict (CT. 257). After presentation of all of the evidence and following appropriate jury instructions on the issues of patent validity, infringement and damages (RT. 300-339), the District Court submitted the case to the jury (RT. 339). The jury under Rule 49(b) of the Federal Rules of Civil Procedure answered written interrogatories on the issues of validity and infringement for each of the eight patent claims (CT. 185b-185g) and returned a general verdict for damages in favor of plaintiffs (RT. 344-346, CT. 185a).

Defendant Deaton then moved for judgment in its favor notwithstanding the jury verdict (RT. 346; CT. 186-187) again on the ground that patent claims were invalid. The District Court granted the motion for judgment n.o.v., set forth in a written opinion its reasons for doing so, and entered judgment for defendant Deaton (CT. 257-269). Plaintiffs then appealed to this Court (CT. 270).

Factual background and issues

The Zilk patent relates to a push-button dispenser for bar mixes (PX 1). In its order granting judgment n.o.v. the District Court found that the patented dispenser “is basically an apparatus for dispensing a plurality of bar mixes including soda and flavored soft drinks such as 7-up, Coca Cola, etc. The patented construction includes a dispensing head attached to one end of a flexible hose. Finger operated electrical push buttons on the head actuate bar mounted valve means to supply any one of several bar mixes to the head. By depressing a push

button on the head an operator can with one hand dispense one or several bar mixes from a nozzle in the head into a drink glass'' (CT. 258-259). The main objective of the device is the one-handed dispensing of several bar mixes (PX 1, Col. 1, lines 28-31).

The patent issued with eight claims, all of which are in suit (PX 1). Claim 1 is typical. It claims a combination of mechanical elements, which element by element are (PX 7):

1. A dispensing apparatus comprising
 - a dispensing head having a nozzle,
 - a handle for said head,
 - a remotely located valve means to selectively regulate the supply of a plurality of fluids to said head,
 - a plurality of flexible conduits extending from said valve means to said head and communicating with said nozzle to deliver said plurality of fluids to said nozzle,
 - electric power means for said valve means for operating said valve means to selectively supply said fluids to said head,
 - switch means carried by said handle to control the supply of electrical energy to said power means,
 - flexible electrical conductors extending from said power means to said switch means to enable said control,
 - means holding said conduits and flexible conductors together in contiguous relationship to provide a single flexible member enabling said head to be moved freely relative to said valve means,

said handle having a shape fitting in one hand of the operator with the nozzle located adjacent such hand, said switch means including a plurality of independently operable push buttons, each push button being operable when actuated to control operation of the valve means to cause a supply of at least one selected fluid to said nozzle through said conduits, said push buttons being grouped on said handle to provide for operation of any push button by the thumb or a finger of said one hand of the operator without changing the grip of such one hand on the handle thus freeing the other hand of the operator for other uses while permitting the selective discharge of a plurality of fluids from said nozzle.

The evidence showed that plaintiff Zilk conceived the patented dispenser on July 19, 1957 (RT. 43-44) and subsequently manufactured and leased or sold dispensers to bars and restaurants initially in Oregon (PX 3A, PX 3B, PX 9A, PX 9B; RT. 9-12, 87-99). Thereafter, numerous competitors also began to manufacture and market practically identical dispensers (PX 4, PX 5, PX 6; RT. 117, 152-155).

Defendant Deaton since May 19, 1959 sold and leased dispensers made by three different manufacturers called the Barmaster dispenser (PX 4), the Carbonic dispenser (PX 5), and the McCann dispenser (PX 6). The jury in answer to written interrogatories 17, 18, 19, 20, 21 and 22 found as ultimate facts that each of these three dispensers infringed all eight patent claims (CT. 185e-185g). The District Court did not disturb these findings. Infringement, therefore, is not an issue on this appeal.

The jury also found each of the eight Zilk patent claims to be valid and made specific fact findings with respect to the two statutory bases for patentability which were in issue, U.S. Code, Title 35, Sections 102 and 103, which deal with novelty and obviousness, respectively.

The jury first found as an ultimate fact that there was not anywhere disclosed in the prior art on July 19, 1957, the combination of elements recited in the patent claims (CT. 185b-185e; Interrogatories 1, 3, 5, 7, 9, 11, 13 and 15). The District Court also did not disturb this finding and, as a consequence, the novelty of the patented dispenser under U.S. Code, Title 35, Section 102 is not an issue here.

The District Court did, however, disagree with the jury findings of ultimate fact which paraphrased Section 103 (CT. 260-65). The jury had found for each patent claim that the improvement or advance made by patentee Zilk in his combination of elements would not have been obvious to one of ordinary skill in the dispenser art on July 19, 1957 (CT. 185b-185e; Interrogatories 2, 4, 6, 8, 10, 12, 14 and 16). The lower court set aside these findings and the verdict for plaintiffs, as well. This appeal, therefore, focuses upon the issue of obviousness under U.S. Code, Title 35, Section 103.

The jury finding of nonobviousness followed presentation to it of evidence relevant to the scope and content of the prior art and of evidence showing the level of ordinary skill in the dispenser art. This evidence included the testimony of plaintiff Zilk concerning his early work in the dispenser field (RT. 46-49, 59-61) and concerning the early devices of others (RT. 44-48, 50-57, 58-59, 64-78);

prior art bar mix dispensers which were on the market before July 19, 1957, including the "Wheco" or "Speed-bar" dispenser (DX B), the Carbonic lever valve (DX C), and the Barmaster "Magic Wand" (DX D, DX E, DX F); the three patents cited by the Patent Office during prosecution of the Zilk patent application (DX L, DX M, DX N); an earlier Zilk patent 2,820,675 for a soda dispenser (DX A); and thirteen other prior art dispenser patents which were not cited by the Patent Office (DX O-1 through O-13). The jury also heard plaintiff Zilk describe his conception of the patented dispenser on July 19, 1957 (RT. 43-44, 78-86) and describe how it differed from prior art dispensers on the market at that time (RT. 106-126).

Of particular importance here, the jury also had before it affirmative evidence (PX 12, DX G; RT. 132-135) that the patented dispenser was not obvious to those as skilled in the dispenser art as Barmaster, the manufacturer both of a later infringing dispenser (PX 4) and of the prior art "Magic Wand" (DX D, DX E, DX F) which the District Court considered "foremost of the prior art devices" (CT. 261). Faced with the problem of providing a dispenser for several bar mixes for a one-armed bartender, Barmaster had used foot operated treadle switches (DX G), not the one-handed solution to the same problem which is found in the patented combination.

The jury was instructed on the issue of obviousness in the precise terms of U.S. Code, Title 35, Section 103 (RT. 322):

"The patent statutes passed by the United States Congress define the basic test of patentable invention as follows:

a patent may not be obtained though the invention is not identically disclosed or described in the prior art, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having the ordinary skill in the art to which said subject matter pertains.

The patentability of an invention is in no way negatived by the manner in which the invention was made.”

The trial court further amplified the code language as follows (RT. 322-324):

“It is possible to obtain a valid patent claim defining a combination of old elements, if the old elements are assembled, or combined, in a way not shown in the ‘prior art’ or in such a way as to produce a new or advanced or improved result. That is to say, the combination, or assembly, of old elements is patentable if it is itself ‘new’ or produces in some way or manner, a result which would not have been expected by a person having ordinary skill in the dispenser art.

As applied to this case, the test is whether the combination, or assembly of mostly old elements in a dispenser was a new combination of those old elements, and one which would not have been obvious to a person having ordinary skill in the art, who set about to design and build an improved dispenser at the time of the claimed invention.

Invention is the double mental act of discerning some deficiency or need and pointing out or finding the means of overcoming it.

The fact that the combination of elements is simple or the individual elements of the combination may be easily obtained on the open market or easily assembled does not negative the patentability of the claimed combination.

* * *

If you find that the differences between the claimed Zilk invention and the 'Wheco' or 'Magic Wand' devices are such that the claimed Zilk invention, as a whole would have been obvious in July of 1957, to a person of ordinary skill in the bar dispensing art, you shall hold the Zilk patent invalid and return a verdict for the defendants."

In considering Deaton's motion for judgment n.o.v. the District Court reexamined the jury finding that the Zilk combination would not have been obvious, concluded that it was obvious, and entered judgment for defendant Deaton (CT. 257-269). The lower court acknowledged that "the issue of obviousness or nonobviousness is basically a question of fact * * * which the jury in this case determined in favor of the plaintiff on all eight claims", but continued "a full review of the scope and content of the prior art on the claims at issue, and the level of ordinary skill in the art, lead this Court to the inescapable conclusion that no reasonable jury could have concluded that the Zilk invention was nonobvious to one skilled in the bar dispensing art in July, 1957" (CT. 260).

The District Court further set aside the jury verdict for the stated reason that "the Zilk invention fails to meet the general level of innovation necessary to sustain patentability" (CT. 259). The requisite "general level

of innovation'' is that very condition of nonobviousness which Congress codified in Section 103.

Question presented

This appeal, therefore, presents a single issue. Did the District Court deny to appellants their right of trial by jury as a consequence of its reexamination of the issue of obviousness which had been tried by the jury under appropriate instructions from the Court?

Appellants submit that this question should be answered in the affirmative. All of the following specifications of error relate to this single issue.

SPECIFICATION OF ERRORS

In accord with Rule 18(d) of this Court, appellants specify that the District Court erred:

1. By denying to plaintiffs their right to trial by jury which was preserved by Amendment VII of the Constitution of the United States.
2. By reexamining, otherwise than according to the rules of common law, issues of fact which had been tried by jury under appropriate instructions by the Court.
3. In granting defendant's motion for judgment notwithstanding the jury verdict and in entering judgment for defendant Deaton (CT. 266).
4. In concluding that the patent in suit is invalid as a matter of law, that the jury verdict must be set aside, and that judgment must be entered for defendant (CT. 258).

5. In concluding that “no reasonable jury could have concluded that the Zilk invention was nonobvious to one skilled in the bar dispensing art in July, 1957” (CT. 260).

6. In concluding that “the jury findings on Section 103 issues must be set aside and resolved in favor of defendant” (CT. 260).

7. In concluding that “even if the ordinary skill possessed by persons engaged in the bar-dispensing field were postulated at the minimum conceivable level, Zilk’s dispensing device would clearly have suggested itself as a possible solution to a person possessing such skill who was given the ‘Wheco’ and ‘Magic Wand’ device and told to alter it in such a way as to provide for one-handed dispensing of a plurality of fluids” (CT. 264).

8. In concluding that “the jury was unreasonable in finding that the Zilk patent was nonobvious” (CT. 265).

9. In concluding that as a matter of law the Zilk patent “does not meet the statutory mandates established by 35 U.S.C. Sec. 103” (CT. 265).

10. In concluding that as a matter of law “the Zilk invention fails to meet the general level of innovation necessary to sustain patentability” (CT. 259).

11. In concluding that the evidence failed to show that the Zilk concept met “the A. & P. Tea Co. standard of invention” (CT. 265).

12. In concluding that the issue of whether or not the Zilk concept met “the A. & P. Tea Co. standard of invention”, could be resolved as a matter of law by the Court contrary to the verdict of the jury and its answers

to the special interrogatories, both of which followed appropriate instructions on that “standard of invention.”

ARGUMENT

The District Court has denied to appellants their right of trial by jury.

Both of the bases upon which the lower court supported its grant of the motion for judgment n.o.v. required a reexamination by the District Court of the ultimate fact of nonobviousness, which had been tried by the jury, and both required reconsideration of the evidentiary facts and inferences supporting that jury finding. The lower court reexamined the evidence and merely disagreed with the ultimate fact found by the twelve jurors.

Redetermination of this fact issue was error because there is substantial record evidence to support the jury’s finding of nonobviousness. We submit that the jury verdict for plaintiffs should be reinstated.

The Seventh Amendment Preserves Appellants’ Right of Trial by Jury

The Seventh Amendment to the Constitution of the United States specifically provides:

“In Suits at common law * * * the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”

Thus, the Constitution positively precludes any reexamination of facts tried by a jury unless within one of the

exceptions of the rules of the common law. The opinion of the District Court does not state that its reexamination comes within any well-recognized exception and appellants are aware of none applicable to this case.

U.S. Code, Title 28, Section 2072, which granted the Supreme Court power to prescribe rules of civil procedure for District Courts, specifically provides:

“Such rules shall not abridge, enlarge or modify any substantive right and shall preserve the right of trial by jury as at common law and as declared by the Seventh Amendment to the Constitution.”

The Supreme Court gave the constitutional right to a jury trial full force and recognition in Rule 38 of the Federal Rules of Civil Procedure:

“(a) *Right Preserved.* The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.”

The District Court by itself reexamining and deciding the fact of obviousness did not preserve appellants’ right of trial by jury inviolate as provided by Rule 38.

The Supreme Court, at an early date, recognized the sanctity of the right of trial by jury. In *Parsons v. Bedford et al.* (1830) 3 Pet. (28 U.S.) 433, the jury brought in a verdict for plaintiffs. The defendant brought a motion for a new trial which was overruled. The defendant prosecuted an appeal from the judgment entered for the amount of the verdict. At page 446, the Court in an opinion by Mr. Justice Story, stated:

“The trial by jury is justly dear to the American people. It has always been an object of deep interest

and solicitude, and every encroachment upon it has been watched with great jealousy. The right to such a trial is, it is believed, incorporated into and secured in every State constitution in the Union; and it is found in the constitution of Louisiana. One of the strongest objections originally taken against the Constitution of the United States, was the want of an express provision securing the right of trial by jury in civil cases. As soon as the Constitution was adopted, this right was secured by the seventh amendment of the Constitution proposed by Congress; and which received an assent of the people so general as to establish its importance as a fundamental guarantee of the rights and liberties of the people.”

The Court went on to discuss the reexamination of facts tried by a jury, page 447:

“But the other clause of the amendment is still more important, and we read it as a substantial and independent clause. ‘No fact tried by jury shall be otherwise re-examinable in any court of the United States than according to the rules of the common law.’ This is a prohibition to the courts of the United States to re-examine any facts tried by a jury in any other manner.”

The Seventh Amendment applies in patent litigation just as it does in other types of cases. *Root v. Lake Shore and Michigan Southern Railway Company* (1882) 15 Otto (105 U.S.) 189, discusses the constitutional distinction between equity and law jurisdiction and in so doing, said, page 206:

“* * * the 7th Amendment forbids any infringement of the right of trial by jury, as fixed by the common law. And the doctrine applies in patent cases as well as others.”

In *Hansen v. Safeway Stores* (9th Cir. 1956) 238 F. 2d 336, 339, Judge Fee said:

“The issue as to whether there subsists in a device upon which letters patent have issued novelty, utility and invention is one of fact. This explains the allowance of a jury trial in such a case. Under the Constitution, a jury trial cannot be denied if one of the parties demand it.

In a jury trial of a patent case, the same rules prevail as in ordinary cases. There is no special exception simply because an alleged patent is involved. * * *

In reaching its decision, the District Court evaluated the record evidence and, paying no heed to evidence supporting the verdict, usurped the function of the jury to find anew the ultimate fact of obviousness. This violated the Seventh Amendment to the Constitution.

Obviousness Is an Ultimate Fact to be Determined by the Jury

The basis for the jury finding of nonobviousness is U.S. Code, Title 35, Section 103:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

In its recent¹ and only construction of this section in *Graham v. John Deere Co.* (1966) 383 U.S. 1, 17, the Supreme Court characterized the condition as a “practical test” which

“* * * lends itself to several basic factual inquiries. Under Sec. 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined * * *.”

The “level of ordinary skill” in the dispenser art and the obviousness or nonobviousness of the patented dispenser in this case had to be founded upon conflicting inferences from evidentiary facts, themselves largely not in dispute, in precisely the same manner as is the degree of ordinary care of the reasonably prudent man in a negligence case or the requisite intent in a fraud case. In each instance, there is no exact yardstick by which any of these things can be measured and the ultimate fact must be determined by the jury upon proper instructions from the court. The Supreme Court recognized this inexactness, *Graham v. John Deere Co.* (1966) 383 U.S. 1, at page 18:

“This is not to say, however, that there will not be difficulties in applying the nonobviousness test. What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts in

¹Decided after this trial but prior to the lower court’s decision on the motion for judgment n.o.v.

such frames of reference as negligence and scienter, and should be amenable to a case-by-case development. * * *''

So, as in negligence or scienter, in this case the "practical test" for obviousness is particularly one for the jury.

Obviousness or nonobviousness is a question which a jury is particularly qualified to decide. It turns largely upon the determination of what amount of improvement is obvious to a man skilled in the art. The ultimate fact is not capable of being determined with mathematical exactness and requires an analysis of the practical knowledge and the ways of men skilled in the particular art. Courts, by training, have developed the power of inductive reasoning from facts to a far greater level than the average. Hence, it is psychologically difficult for any Court to realistically place its reasoning processes on a level comparable to that of the ordinary skilled mechanic in a particular field. But the jury does not suffer that handicap because it comprises a cross-section of all of the people. Its combined thinking, therefore, more closely approaches the average human capabilities and understandings which are the direct question at issue.

The Supreme Court has long recognized the difficulty which the judicial mind has in coping with the question of invention (nonobviousness). In *Krementz v. S. Cottle Company* (1893) 148 U.S. 556, 559 the Court said:

"It is not easy to draw a line that separates the ordinary skill of a mechanic, versed in his art, from the exercise of patentable invention, and the difficulty is specially great in the mechanic arts, where the successive steps in improvements are numerous, and

where the changes and modifications are introduced by practical mechanics.”

And in *Expanded Metal Co. v. Bradford et al.* (1909) 214 U.S. 366, 381 the same court said:

“* * * It is often difficult to determine whether a given improvement is a mere mechanical advance, or the result of the exercise of the creative faculty amounting to a meritorious invention.”

More recently, Justice Frankfurter, in a partial dissenting opinion in *Marconi Wireless Co. v. U.S.* (1943) 320 U.S. 1, 60 observed:

“It is an old observation that the training of Anglo-American judges ill fits them to discharge the duties cast upon them by patent legislation.”

That the jury is a fitting and proper patent fact-finder, appears in *Tucker v. Spalding* (1872) 13 Wall. (80 U.S.) 453. Mr. Justice Miller, speaking for the Court, used this language, page 455:

“Whatever may be our personal opinions of the fitness of the jury as a tribunal to determine the diversity or identity in principle of two mechanical instruments, it cannot be questioned that when the plaintiff, in the exercise of the option which the law gives him, brings his suit in the law in preference to the equity side of the court, that question must be submitted to the jury, if there is so much resemblance as raises the question at all”.

United Gas Public Service Company v. State of Texas (1938) 303 U.S. 123 involved the complaint that a difficult rate case was presented to a jury. In approving the trial court procedure, the Court referred to trial by jury of

other questions of fact which were complicated. As an example, it said, page 140:

“* * * Cases at law triable by a jury in the federal courts often involve most difficult and complex questions, as for example, in patent cases at law presenting issues of validity and infringement.”

Here both the prior art and the patented dispenser are uncomplicated mechanical devices which are easily understood. The jury had before it evidence of the scope and content of the prior dispenser art, evidence of the differences between the prior art and the combination defined in the patent claims, evidence of the level of ordinary skill in the dispenser art, and even evidence of what was or what was not obvious to those skilled in the dispenser art (this brief, pages 6-7, 26-31). The jury was also instructed both in the specific language of Section 103 and by explanation of what that language meant (this brief, pages 7-9).

Who was better qualified to determine what would have been obvious to one of ordinary skill in the dispenser art—a single jurist versed in inductive reasoning and the law or twelve jurors from many walks of life and having many skills?

**Historically, the issue of invention (nonobviousness)
has been a factual determination**

The condition of nonobviousness, which is now set out in U.S. Code, Title 35, Section 103, is merely a codification of judicial precedents such as *Hotchkiss v. Greenwood* (1851) 11 How. (52 U.S.) 248 or *A. & P. Tea Co. v. Supermarket Corp.* (1950) 340 U.S. 147 which sought to

define the general level of innovation necessary to sustain patentability [*Graham v. John Deere Co.* (1966) 383 U.S. 1, 17]. The Supreme Court, in jury cases, has consistently held that the requisite general level of innovation or "invention" is a jury question, and is not a question of law for the trial court to decide.

For example, in *Keyes et al. v. Grant* (1886) 118 U.S. 25, the prior art was not identical to the patent in suit but appeared to be rather close. The defendant contended that the improvement was not patentable because it did not require the exercise of invention. The issues came on for trial before the jury. The trial court examined the prior art and instructed the jury to return a verdict for the defendants. On appeal, the directed verdict was reversed. The Supreme Court pointed out that the view of the plaintiff, that the improvement was not the result of mere mechanical skill but sprang from a genuine effort of invention, was supported by the opinion of many experts skilled in the art. The Court, page 37, stated:

"In our opinion this was a question of fact properly to be left for determination to the jury, under suitable instructions from the court upon the rules of law, which should guide them to their verdict. And there was evidence upon both sides of the issue sufficient to require that it should be weighed and considered by the jury in the determination of the question, and this implies that, if it had been submitted to the jury and the verdict had been for the plaintiffs, it would not have been the duty of the court to have set it aside as not supported by sufficient evidence. The court erred, we think, in withdrawing the case from the jury as it did by directing a verdict for the defendants."

The language in *Thomson Spot Welder Co. v. Ford Motor Company* (1924) 265 U.S. 445, 446, confirms those views. In that, a non-jury case, the Court itself examined the question of validity of the patent in suit because of a conflict in several lower court decisions. In so doing, this Court distinguished from the scope of review in a patent case tried by a jury, stating:

“* * * the question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention, is one of fact; and in an action at law for infringement is to be left to the determination of the jury.”

Appellants have found no case in which the Supreme Court has ever approved the entry of a judgment n.o.v. or a directed verdict on the issue of invention (or obviousness) where there was any evidence on the issue to be weighed.

**Re-examination of the jury's finding
of nonobviousness was error**

As one reason for granting judgment n.o.v. the lower court concluded that the jury finding of nonobviousness was “unreasonable” (CT. 260, 265), not that there was no evidence to support the verdict. The trial court then re-examined that ultimate fact. It considered the scope and content of the prior art (CT. 261-2), it considered the differences between the prior art and the patented dispenser (CT. 262-3), it postulated the ordinary skill in the art at the “minimum conceivable level” (CT. 264) and then it concluded that the jury was wrong and that the Zilk dispenser would have been obvious (CT. 264).

Re-examination of the ultimate fact of nonobviousness, already found by the jury, resulted in the errors specified as 1, 2, 3, 5, 6, 7 and 8. Errors 1, 2, 3 and 6 are a consequence of the improper re-examination of this fact issue. Errors 5, 7 and 8 reflect the ultimate fact of obviousness inferred by the Court from the same evidence which the jury concluded had shown that the Zilk construction was not obvious.

The District Court apparently thought that it could determine obviousness as a matter of law and completely disregard the contrary jury finding. That is not the law as appellants have pointed out in the previous two sections of this brief. *Graham v. John Deere Co.* (1966) 383 U.S. 1 did not, expressly or by implication, overrule the earlier Supreme Court decisions. The *Graham* case, itself, and those related cases considered with it, were non-jury cases. The court nowhere in its opinion expressly stated or implied that it considered obviousness to be a matter of law. Indeed, *Hotchkiss v. Greenwood* (1851) 11 How. (52 U.S.) 248, first expressing the rule of which Section 103 was a codification, was itself a jury case. There the Supreme Court approved trial court instructions regarding "invention" or nonobviousness as is now defined in Section 103.

This misconception of the nature of the issue by the District Court resulted in the further errors specified as 4 and 9. The issue of obviousness cannot be taken from the jury and treated as a matter of law.

Furthermore, that portion of the District Court opinion which is quoted in error 7 (this brief, page 11) demonstrates a misconception of the very test for obviousness

which the Supreme Court, after this jury verdict, has now set forth in *Graham v. John Deere Co.* (1966) 383 U.S. 1, 17. An improvement (here, one-handed dispensing of a plurality of fluids) over the prior art (one-handed dispensing of a single fluid by the Wheco device or two-handed dispensing of a plurality of fluids with the Magic Wand) is to be measured by whether or not the *improvement* would be obvious to one of ordinary skill if he had the prior art before him, not whether one of ordinary skill could alter the prior art after being told what the improvement was to be. In its test the District Court presupposed conception of the improvement (one-handed dispensing of a plurality of fluids). It then made inquiry only as to whether or not a way to alter the prior art and achieve the improvement would have been obvious to one of minimum conceivable skill who had been directed to make it.

Once told what to do, it would seem that the way to assemble the combination of elements should be obvious to one skilled in this art. But that is not the *Graham* test.

The “general level of innovation necessary to sustain patentability” is the condition of nonobviousness codified in Section 103

The second reason which the lower court stated for its granting of judgment n.o.v. was that “the Zilk invention fails to meet the general level of innovation necessary to sustain patentability” with a reference to *A. & P. Tea Co. v. Supermarket* (1950) 340 U.S. 147 (CT. 259, 265-6).

But the general level of innovation to which the lower court referred is the very same condition of nonobviousness defined by the judicial precedents that Section 103

codified [*Graham v. John Deere Co.* (1966) 383 U.S. 1, 17]. In this regard the Court stated:

“We believe that this legislative history, as well as other sources, shows that the revision [Section 103 added to the Code in 1952] was not intended by Congress to change the general level of patentable invention. We conclude that the section was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition, with congressional directions that inquiries into the obviousness of the subject matter sought to be patented are a prerequisite to patentability.”

The *Hotchkiss* condition was discussed, page 11:

“This Court formulated a general condition of patentability in 1851 in *Hotchkiss v. Greenwood*, 11 How. 248. The patent involved a mere substitution of materials—porcelain or clay for wood or metal in doorknobs—and the Court condemned it, holding:

Unless more ingenuity and skill * * * were required * * * than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skillful mechanic, not that of the inventor. At p. 267.

Hotchkiss, by positing the condition that a patentable invention evidence more ingenuity and skill than that possessed by an ordinary mechanic acquainted with the business, merely distinguished between new and useful innovations that were capable of sustaining a patent and those that were not. The *Hotchkiss* test laid the cornerstone of the judicial evolution suggested by Jefferson and left to the courts by

Congress. The language in the case, and in those which followed, gave birth to ‘invention’ as a word of legal art signifying patentable inventions. Yet, as this Court has observed, ‘[t]he truth is the word [“invention”] cannot be defined in such manner as to afford any substantial aid in determining whether a particular device involves an exercise of the inventive faculty or not.’ *McClain v. Ortmyer*, 141 U.S. 419, 427 (1891); *A. & P. Tea Co. v. Supermarket Corp.*, *supra*, at 151. Its use as a label brought about a large variety of opinions as to its meaning both in the Patent Office, in the courts, and at the bar. The *Hotchkiss* formulation, however, lies not in any label, but in its functional approach to questions of patentability. In practice, *Hotchkiss* has required a comparison between the subject matter of the patent, or patent application, and the background skill of the calling. It has been from this comparison that patentability was in each case determined.”

A. & P. Tea Co. v. Supermarket (1950) 340 U.S. 147 merely reiterated the same principle [*Graham v. John Deere Co.* (1966) 383 U.S. 1, 17].

Thus, application of this “general level of innovation” by the District Court required the same factual determination now specified by the Supreme Court in *Graham* for application of Section 103.

Here that fact determination had already been made by the jury. Under the guarantees of the Seventh Amendment it could not be re-examined by the trial court as a factual issue, or under the guise of a question of law or as a test for the “general level of innovation necessary to sustain patentability”. The latter resulted in the additional errors specified in 10, 11 and 12.

**Substantial Record Evidence Does
Support the Verdict and the Jury
Finding That the Claimed Combination Was Not Obvious**

There is positive record proof that the improvement made by Zilk was not obvious. The jury's eight interrogatory answers (CT. 185b-185e) on this issue are fully supported by the evidence. This record is quite different from that in *Griffith Rubber Mills v. Hoffar* (9th Cir. 1963) 313 F. 2d 1 upon which the lower court relied (CT. 260, 265). In *Griffith* this Court in reversing the denial of a motion notwithstanding the verdict noted, page 5:

"There was no objective evidence that the combination was less obvious than it appears. There was no showing that Hoffar's muffler dealt with a problem which had concerned the industry over a substantial period and which others had sought to solve without success. So far as was shown, Hoffar was the first to make an all-elastomer muffler with a slit-baffle wall only because he was the first skilled in the art who directed his attention to the problem of creating an effective muffler that would not corrode."

We here presented substantial objective evidence to the jury upon which it could, as it did, conclude that the Zilk improvement was not obvious in July, 1957.

**Barmaster failed to conceive the patented combination when
faced with exactly the same problem to be solved**

Plaintiff Zilk testified how he and others in the dispenser industry continuously strived to speed up the work of a bartender in mixing drinks (RT. 58-61). As a result he developed an early soda dispensing device (DX A; RT. 46-49) and sold the Carbonic lever operated dispenser

(DX C; RT. 58-59). Others developed the “Wheco” or “Speedbar” dispenser (DX B). Barmaster developed a bar-mounted valve block (DX D) to which was attached a flexible hose with nozzle (DX E) which formed the “Magic Wand” (DX F). The lower court considered it to be “foremost of the prior art devices” (CT. 261).

All of these prior art dispensers had one deficiency. The bartender could not dispense with one hand more than a single bar mix (RT. 106-126). This was the problem which the Zilk dispenser solved (PX 1, Col. 1, lines 28-31), among other things, by locating push buttons on the nozzle grouped in a way which they could be operated by one hand without a change in grip on the dispenser handle (RT. 38-41). This left the other hand free for other chores.

At least as early as March of 1956 Barmaster was faced with resolving the same problem, which Zilk solved, when it endeavored to build a dispenser for a one-armed bartender. The article in *Voice of Eating* (DX G, DX I) shows that Barmaster did not modify its “Magic Wand” construction to provide the patented combination and accomplish its result. Instead, Barmaster designed a foot treadle mechanism which as an accessory (PX 12) operated the valves on its bar mounted valve block (DX D).

Thus, affirmative evidence before the jury shows that the patented combination of elements was not obvious to those as skilled in the dispenser art as Barmaster, the manufacturer both of a later infringing dispenser (PX 4) and of the prior art “Magic Wand” (DX D, DX E, DX F) which the District Court considered “foremost of the prior art devices”. This is the most positive kind of

evidence from which a jury could conclude that what Zilk did was not obvious even to those highly skilled in the bar mix dispensing field.

The failure of the lower court even to mention the Barmaster foot treadle device in its opinion confirms the appropriateness of a jury finding on the issue of obviousness. In a similar context in *Bailey v. Central Vermont Railway, Inc.* (1943) 319 U.S. 350, defendant moved for a directed verdict at the close of the evidence. The trial court denied the motion and the jury returned a verdict for the plaintiff. On appeal, the Supreme Court of Vermont reversed, holding that the motion for the directed verdict should have been granted because negligence was not shown. The U.S. Supreme Court, in turn, reversed the Vermont Supreme Court and reinstated the jury verdict. In speaking of the issue of negligence, the Supreme Court stated, page 353:

“* * * The debatable quality of that issue, the fact that fair-minded men might reach different conclusions, emphasizes the appropriateness of leaving the question to the jury. The jury is the tribunal under our legal system to decide that type of issue (Citation omitted) as well as issues involving controverted evidence (Citation omitted). To withdraw such a question from the jury is to usurp its functions.”

And in *Tennant v. Peoria & Pekin Union Railway Company* (1944) 321 U.S. 29 the Court said, page 35:

“* * * Courts are not free to reweigh the evidence and set aside the jury verdict merely because the jury could have drawn different inferences or conclusions or because judges feel that other results are more reasonable.”

In *Lavender v. Kurn* (1946) 327 U.S. 645, the Court stated, page 653:

“* * * But where, as here, there is an evidentiary basis for the jury’s verdict, the jury is free to discard or disbelieve whatever facts are inconsistent with its conclusion. And the appellate court’s function is exhausted when that evidentiary basis becomes apparent, it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable.”

We submit that conversion of a “Magic Wand” into a treadle operated dispenser instead of the claimed Zilk combination is, in and of itself, sufficient evidence to support the jury verdict. That fact is such that reasonable men could have drawn different inferences of obviousness from it. Judgment n.o.v. therefore is in conflict with the foregoing decisions of the Supreme Court which protect a party’s right to a jury determination of fact issues.

Other substantial record evidence further supports the jury finding of nonobviousness.

Although the component elements were well-known, no prior art combined them in the patented combination

The fifteen patents (DX L, M, N, O-1 through O-13) in evidence, as well as the prior art devices, show that there was considerable activity in the dispensing field. Even though each component element was available to those working with dispensers for some thirty years, no one put these elements together in the manner as did Zilk, nor did anyone accomplish the same result. From these facts also the jurors could infer that the Zilk improvement was not obvious [*Loom Co. v. Higgins* (1881) 105 U.S. 580, 591].

Immediate appearance on the market
of infringing dispensers

Witnesses De Ceasare, Zilk and Kearns all testified that McCann, Barmaster, Carbonic and other infringing devices appeared on the market shortly after the Zilk Flomatic dispensers were placed in use (RT. 117, 152-155). This immediate response of bar equipment suppliers long in the business also supports a jury inference that the patented improvement was not obvious even to these skilled manufacturers [*Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9th Cir. 1957) 249 F. 2d 246, 254].

Prior art bar mix dispensers were abandoned
in favor of the patented dispenser

The evidence showed that practically all prior art bar mix dispensers were abandoned upon general availability of the patented dispenser. Without contradiction John Kearns testified that the Carbonic lever operated valve (DX C), the Barmaster bar mounted device (DX D), the Wheco device (DX B) and even the Magic Wand itself (DX D, E and F) were generally abandoned when the patented devices, including those of Flomatic, Barmaster, Carbonic and McCann became available on the market (RT. 151-156). The jury certainly was entitled to infer from these facts that the Zilk device was an improvement which solved a problem in the industry, and, in spite of all the activity in the field, must not have been obvious [*Goodyear v. Ray-O-Vac Co.* (1944) 321 U.S. 275, 279].

Thus, there is substantial evidence in this record to support the jury finding of nonobviousness and the general verdict for plaintiffs. As held by this Court in *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9th

Cir. 1957) 249 F. 2d 246, 253-4, where there is substantial evidence on an issue to be weighed, the entry of judgment n.o.v. is not proper.

CONCLUSION

Appellants submit that the District Court by entering judgment n.o.v. following its re-examination of the ultimate fact of obviousness, has denied to them their right to trial by jury which is preserved by the Seventh Amendment.

The jury verdict should be reinstated.

Dated, San Francisco, California,
January 6, 1967.

Respectfully submitted,

CARL HOPPE,

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Attorneys for Appellants.

CERTIFICATE OF COUNSEL

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

CARL HOPPE,

Attorney for Appellants.

(Appendix Follows)

Appendix

2. 10. 1918

Appendix

LIST OF PLAINTIFFS' EXHIBITS

	Description	Identified	Offered	Received
1	Original letters patent 2,887,250	4	4	4
2	Patent License Agreement	7	9	9
3A	Zilk dispensing unit	15	15	15
3B	Zilk transformer	15	15	15
4	Barmaster dispenser	15	15	15
5	Carbonic dispenser	15	15	15
6	McCann dispenser	15	15	15
7	Chart—claim 1	37	42	42
8	Chart—patent drawings	37	42	42
9A	Later model of Zilk dispenser	15	15	15
9B	Later model of Zilk transformer	15	15	15
10	Demonstrative dispensing unit	40	42	42
11	Barmaster equipment mounted on bar	41	42	42
12	Barmaster brochure	115	116	116

LIST OF DEFENDANT'S EXHIBITS

	Description	Identified	Offered	Received
A	Zilk patent 2,820,675	47	48	48
B	Circular of Wheco device	51	207	207
C	Carbonic stationary-head dispensing apparatus	58	207	207
D	Barmaster dispenser mounted on bar top	64	207	207
E	Photostatic copy of literature of Magic Wand	68	207	207
F	Magic Wand dispenser	74	207	207
G	Pages from "The Voice of the Eating Industry"	133	207	207
H	Barmaster literature	135	207	207
I	Restaurant Service Magazine, March, 1957	138	138	138
J	Zilk application, serial No. 695,870	194	194	194
K	File wrapper of patent 2,887,250	194	194	194
L	Patent, R. E. Parks, 2,565,084	197	197	197
M	Patent, Brown, 2,008,850	198	198	198
N	Patent, Welch, 2,745,913	198	198	198
O-1 through O-13,	prior art patents	206	207	107
P	Interrogatories of defendants, and answers of plaintiffs, second set	203	203	203
Q	Interrogatories of defendants, and answers of plaintiffs, third set	203	203	203
R	Patent license agreement	205	205	205
S	McCann dispenser	205	207	207